

Message Text

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PAGE 01 TOKYO 03380 230002 Z

66

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-14

STR-08 CEA-02 PA-03 PRS-01 USIA-12 /160 W

----- 127165

R 221000 Z MAR 73 ZDK
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 2525
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
USEC MISSION BRUSSELS
USOCD MISSION PARIS

UNCLAS TOKYO 3380

PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N. A.

TAGS: EFIN, JA

SUBJ: TOKYO FOREX MARKET - MAR 22

1. THE SPOT MARKET CONTINUED CALM IN TODAY' S TRADING,
WITH THE DOLLAR WEAKENING SLIGHTLY TO CLOSE AT 263.20.
THIS COMPARES WITH A CLOSING OF 263.80 ON MAR 20 AND
264.10 MAR 19, WHEN TOKYO MARKET OPENED FOLLOWING
TWO WEEK RECESS. (THE TOKYO FOREX MARKET WAS CLOSED ON
MAR 21 DUE TO A LEGAL HOLIDAY.) VOLUME IN SPOT TRADING
TOTALED JUST UNDER \$50 MIL. THIS COMPARED WITH TOTAL
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PAGE 02 TOKYO 03380 230002 Z

SPOT TRADING OF \$63 MIL AND \$150 MIL DURING TWO PREVIOUS TRADING SESSIONS.

2. THE THREE- MONTH FORWARD RATE CLOSED AT 255.70, WITH THE DOLLAR SHOWING INCREASED STRENGTH AS COMPARED TO PREVIOUS DAY' S CLOSE OF 254.90. THREE- MONTH FORWARD RATE CLOSED AT 257.60 ON FIRST DAY OF RENEWED TRADING, APPROXIMATELY THE SAME LEVEL AS WHEN TRADING WAS CEASED ON MAR 1. SIX- MONTH FORWARD RATE, HOWEVER, CLOSED AT 252.10, UP .60 YEN FROM THE PREVIOUS DAY' S CLOSE OF 252.70. SIX- MONTH FORWARD CLOSED AT 254.60 ON MAR 19, ALSO AT APPROXIMATELY SAME LEVEL AS CLOSE ON MAR 1. TODAY' S VOLUME ON THE FORWARD MARKET TOTALED APPROXIMATELY \$46 MIL. THIS COOMPARES TO TOTALS OF \$46 AND \$50 MIL ON TWO PRECEDING TRADING DAYS. VOLUME OF SWAPS WAS STEADY TODAY AT APPROXIMATELY \$35 MIL.

3. DEMAND FOR AND SUPPLY OF DOLLARS WAS NEARLY BALANCED THROUGHOUT TODAY' S TRADING IN THE SPOT MARKET. THERE WAS BELIEVED TO BE MINIMAL GOJ INTERVENTION. FOREX BANKS EXPECT SIGNIFICANT INCREASE IN DEMAND FOR DOLLARS WITHIN NEXT SEVERAL TRADING DAYS DUE TO SCHEDULED PREPAYMENT TO U. S. FOR PURCHASE OF ATOMIC ENERGY MATERIALS. DOLLAR DEMAND FOR THIS PURCHASE IS EXPECTED TO AMOUNT TO APPROXIMATELY \$300 TO \$400 MIL. IN ADDITION, THE INCREASE IN 3- MONTH FORWARD RATE HAS GENERALLY BEEN ATTRIBUTED TO INCREASE IN DEMAND FOR FORWARD DOLLARS BY JAPANESE IMPORTERS PURCHASING FOR FUTURE NEEDS. THIS REPRESENTS FIRST AMOUNT OF SUBSTANTIAL PURCHASES BY SUCH IMPORTERS SINCE REOPENING OF MARKET. INGERSOLL

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*** Current Classification *** UNCLASSIFIED

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Disposition Approved on Date:
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Status: <DBA CORRECTED> jms 971222
Subject: TOKYO FOREX MARKET - MAR 22
TAGS: EFIN, JA
To: BERN
BONN
BRUSSELS
CANBERRA
EB
LONDON
LUXEMBOURG

SECSTATE WASHDC
THE HAGUE

Type: TE

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